

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY-REGION 7
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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 7
11201 RENNER BOULEVARD
LENEXA, KANSAS 66219

BEFORE THE ADMINISTRATOR

IN THE MATTER OF)	Docket No. CAA-07-2013-0017
)	
HBD/Thermoid, Inc.)	
201 North Allen)	
Chanute, Kansas 66720)	
)	
)	CONSENT AGREEMENT AND
)	FINAL ORDER
Respondent.)	
)	

CONSENT AGREEMENT AND FINAL ORDER

The United States Environmental Protection Agency, Region 7 (Complainant or the EPA), and HBD/Thermoid, Inc. (Respondent or HBD) have agreed to a settlement of this action before filing of a complaint, and thus this action is simultaneously commenced and concluded pursuant to Rules 22.13(b) and 22.18(b)(2) of the Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties, Issuance of Compliance or Corrective Action Orders, and the Revocation, Termination or Suspension of Permits (Consolidated Rules of Practice), 40 Code of Federal Regulations (C.F.R.) §§22.13(b), 22.18(b)(2).

I. ALLEGATIONS

A. Jurisdiction

1. This is an administrative action for the assessment of civil penalties instituted pursuant to Section 113(d) of the Clean Air Act (CAA), 42 U.S.C. §7413(d).
2. The EPA Administrator and the United States Attorney General, through their delegated representatives, have jointly determined that this administrative penalty action is appropriate for a larger penalty amount or longer period of violation than the time and penalty limitations set forth in Section 113(d) of the CAA.

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3. This Consent Agreement and Final Order (CAFO) serves as notice that the EPA has reason to believe that Respondent has violated the hazardous air pollutants (HAP) emission limit set forth in 40 C.F.R. Part 63, Subpart OOOO from the fabric coating operations at the HBD facility in Chanute, Kansas. The EPA finds that HBD failed to comply with 40 C.F.R. §63.4332 because it has not complied with the twelve-month rolling average HAP emission limit from its fabric coating operations from January 2009 through December 2010 and January 2011 to March 31, 2012. HBD has resolved the alleged non-compliance for the period from January 2009 through December 2010 with the Kansas Department of Health and Environment (KDHE). The EPA finds that for the reasons set forth above, HBD is in violation of Section 112 of the CAA, 42 U.S.C. §7412 and the CAA's implementing regulations for a period beginning on January 1, 2011. The EPA finds that HBD will remain in violation as set forth herein until it establishes continuous compliance with the above-cited requirements.

4. Furthermore, this CAFO serves as notice pursuant to Section 113(d)(2)(A) of the CAA, 42 U.S.C. §7413(d)(2)(A), of the EPA's intent to issue an order assessing penalties for this violation.

B. Parties

5. The Complainant, by delegation from the Administrator of the EPA, and the Regional Administrator of the EPA, Region 7, is the Director of the Air and Waste Management Division, EPA Region 7.

6. Respondent is incorporated under the laws of the state of Delaware and is authorized to do business in Kansas.

C. Statutory and Regulatory Background

Clean Air Act

7. Section 112 of the CAA, 42 U.S.C. §7412, requires the EPA to promulgate emissions standards for each category or subcategory of major sources and area sources of HAPs listed pursuant to Section 112(c). Different criteria for maximum available control technology (MACT) apply to new and existing sources.

8. Pursuant to the authority granted under Section 112(d) of the CAA, 42 U.S.C. §7412(d), the EPA promulgated general regulations applicable to all NESHAP source categories in 40 C.F.R. Part 63, Subparts A and B.

9. In addition, the EPA promulgated regulations set forth at 40 C.F.R. Part 63, Subpart OOOO, which apply to operations that involve printing, coating, and dyeing of fabrics and other textiles.

10. After the effective date of the emissions standards promulgated under Section 112 of the CAA, it is unlawful for any owner or operator of any new source to operate such source in violation of any emission standard applicable to that source. 42 U.S.C. §7412(i).

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11. 40 C.F.R. Part 63, Subpart OOOO-National Emission Standards for Hazardous Air Pollutants: Printing, Coating, and Dyeing of Fabrics and Other Textiles, effective on and after May 29, 2003, applies to an owner or operator of a new, reconstructed, or existing affected source, as defined in §63.4282, that is a major source, is located at a major source, or is part of a major source of HAP emissions, as defined in 40 C.F.R. §63.2.

12. 40 C.F.R. Part 63, Subpart OOOO applies to the printing, coating, slashing, dyeing or finishing of fabric and other textiles, which includes the subcategories listed in 40 C.F.R. §63.4281 (a)(1) through (a)(3).

13. Toluene is a HAP under Section 112(b)(1) of the CAA.

14. Section 113(d) of the CAA, 42 U.S.C. §7413(d), states that the Administrator may issue an administrative order against any person assessing a civil administrative penalty of up to \$25,000 per day of violation, whenever, on the basis of any available information, the Administrator finds that such person has violated or is violating any requirement or prohibition of the CAA referenced therein, including Section 112 of the Act, 42 U.S.C. §7412. Pursuant to the Adjustment of Civil Monetary Penalties for Inflation Rule, 40 C.F.R. Part 19, the EPA may assess penalties of no more than \$27,500 per day for each violation occurring between January 30, 1997, and March 14, 2004; no more than \$32,500 per day for each violation occurring between March 15, 2004, and January 12, 2009; and no more than \$37,500 per day for each violation occurring after January 12, 2009.

D. Factual Background

15. HBD, with a location at 201 North Allen, Chanute, Kansas, 66720, is a hose and duct manufacturer. HBD's fabric coating operation involves the application of a rubberized coating to fabric, which is then used in the manufacturing of specialty hoses and ducts.

16. HBD is the owner or operator of a fabric and other textiles printing, coating and dyeing operation. As of the date of this Order, said operation conducted within Department #40 of HBD's facility, has the potential to emit more than 10 tons per year of the HAP toluene. Therefore, HBD is subject to 40 C.F.R. Part 63, Subpart OOOO.

17. In HBD's Class I annual summary report dated March 26, 2012, the report provides that the monthly organic HAP exceeded the applicable standard during each month of 2011 and for the entire year.

18. HBD is and at all times referred to herein was a "person" as defined by Section 302(e) of the CAA, 42 U.S.C. §7602(e).

19. 40 C.F.R. §63.4332 and Table 1 of said subpart requires HBD to reduce organic HAP emissions by achieving at least a 97 percent overall control efficiency, or emit no more than 0.12 kg of organic HAPs per kg of solids applied to fabric in the process, or operate an oxidizer such that the outlet organic HAP concentration of no greater than 20 ppmv on a dry basis is achieved and the efficiency of the capture system is 100 percent.

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20. 40 C.F.R. §63.4332 requires HBD to demonstrate continuous compliance on a twelve-month rolling average basis for this HAP emission limit.

21. On January 11, 2012, the EPA issued a Finding of Violation to HBD.

22. During September 2013, the EPA issued an Administrative Compliance Order (ACO) on Consent (Docket No. CAA-07-2013-0002) to HBD. The ACO requires HBD to install and operate an emission capture system and Regenerative Thermal Oxidizer (RTO) that is adequately sized and operated to comply with Subpart OOOO and Table 1 to Subpart OOOO HAP emission limits and capture efficiency requirements for existing affected sources in Department #40.

Alleged Violations

23. Paragraphs 1-22 are herein incorporated by reference as if fully set forth herein.

24. The EPA finds that there were exceedances of the HAP emission limit set forth in 40 C.F.R. Part 63, Subpart OOOO from the fabric coating operations at the HBD facility in Chanute, Kansas.

25. The EPA finds that HBD failed to comply with 40 C.F.R. §63.4332 because it has not complied with the twelve-month rolling average HAP emission limit from its fabric coating operations from January 2009 through December 2010 and January 2011 to March 31, 2012.

26. HBD has resolved the alleged non-compliance for the period from January 2009 through December 2010 with KDHE.

27. The EPA finds that for the reasons set forth above, HBD is in violation of Section 112 of the CAA, 42 U.S.C. §7412, and the CAA's implementing regulations for a period beginning on January 1, 2011.

28. The EPA finds that HBD will remain in violation as set forth herein until it establishes continuous compliance with the above-cited requirements.

II. CONSENT AGREEMENT

29. Respondent and the EPA agree to the terms of this CAFO and Respondent agrees to comply with the terms of the Final Order portion of this CAFO.

30. For purposes of this proceeding, Respondent admits the jurisdictional allegations set forth above, and agrees not to contest the EPA's jurisdiction in this proceeding or any subsequent proceeding to enforce the terms of the Final Order portion of this CAFO.

31. Respondent neither admits nor denies the factual allegations and alleged violations set forth in this CAFO.

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32. Respondent waives its right to a judicial or administrative hearing on any issue of fact or law set forth above and its right to appeal the Final Order portion of this CAFO.

33. Respondent and the EPA agree to conciliate this matter without the necessity of a formal hearing and to bear their respective costs and attorney's fees incurred as a result of this action.

34. Nothing contained in the Final Order portion of this CAFO shall alter or otherwise affect Respondent's obligation to comply with all applicable federal, state, and local environmental statutes and regulations and applicable permits, nor shall it be construed to be a ruling on, or determination of, any issue related to any federal, state, or local permit.

35. This CAFO addresses all civil administrative claims for the CAA violations identified above, existing through the effective date of this CAFO. The EPA reserves the right to take enforcement action with respect to any other violations of the CAA or other applicable law.

36. Respondent certifies that, by signing this CAFO, to the best of its knowledge, Respondent's facility is in compliance with the CAA, 42 U.S.C. §7401, *et seq.*, and all regulations promulgated thereunder.

37. The effect of settlement described in paragraph 35 is conditional upon the accuracy of the Respondent's representations to the EPA, as memorialized in paragraph 36, above, of this CAFO.

38. The undersigned representative of Respondent certifies that he or she is fully authorized to enter the terms and conditions of this CAFO and to execute and legally bind Respondent to it.

39. Pursuant to Section 113(e) of the CAA, the nature of the violations, Respondent's agreement to perform a Supplemental Environmental Project (SEP) and other relevant factors, the EPA has determined that an appropriate civil penalty to settle this action is in the amount of One Hundred Thirty Thousand Dollars (\$130,000).

40. The penalty specified in paragraph 39 above, shall represent civil penalties assessed by the EPA and shall not be deductible for purposes of federal taxes.

41. Respondent consents to the issuance of this CAFO and consents for the purposes of settlement to the payment of the civil penalty cited in paragraph 39, above, and to the performance of the SEPs.

42. In settlement of this matter, Respondent agrees to complete the following SEPs, which the parties agree is intended to secure significant environmental and/or public health benefits.

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43. Respondent shall complete the first SEP as follows: purchase, install and operate a larger 30,000 standard cubic feet per minute (SCFM) RTO and emission capture system at its facility in Chanute, Kansas, to reduce HAP emissions from the All-T machine and ovens in Departments 10 and 20, which are located in manufacturing areas not subject to 40 C.F.R. Part 63, Subpart OOOO. Respondent shall also complete a second SEP as follows: substitute non-HAP/low-HAP products for toluene and HAP-containing solvent usage at its facility so as to substantially reduce HAP usage for tasks that are not subject to 40 C.F.R. Part 63, Subpart OOOO. The SEPs are more specifically described in the scope of work (hereinafter the "Scope of Work"), attached hereto as Appendix A and incorporated herein by reference. All work required to complete the SEPs shall be performed in compliance with all federal, state, and local laws and regulations.

44. The total expenditure for the SEPs is estimated to be \$241,075. HBD shall complete the SEP project regarding the purchase, installation and operation of the larger 30,000 SCFM RTO and emission capture system no later than the effective date of this CAFO, in accordance with the specifications set forth in the Scope of Work. HBD shall complete the SEP project regarding the substitution of non-HAP/low-HAP products for toluene no later than the effective date of this CAFO, in accordance with the specifications set forth in the Scope of Work. Respondent shall include documentation of the expenditures made in connection with the SEPs as part of the SEP completion report described in paragraph 48, below.

45. Respondent certifies that it is not required to perform or develop the SEPs by any federal, state, or local law or regulation; nor is Respondent required to perform or develop the SEPs by agreement, grant, or as injunctive relief in this or any other case or to comply with state or local requirements. Respondent further certifies that Respondent has not received, and is not presently negotiating to receive, credit in any other enforcement action for the SEPs.

46. Respondent certifies that it is not a party to any open federal financial assistance transaction that is funding, or could be used to fund, the same activity as the SEPs. Respondent further certifies that, to the best of its knowledge and belief after reasonable inquiry, there is no such open federal financial assistance transaction that is funding or could be used to fund the same activity as the SEPs, nor has the same activity been described in an unsuccessful federal financial assistance transaction proposal submitted to the EPA within two years of the date of this settlement (unless the project was barred from funding as statutorily ineligible). For the purposes of this certification, the term "open federal financial assistance transaction" refers to a grant, cooperative agreement, loan, federally-guaranteed loan guarantee or other mechanism for providing federal financial assistance whose performance period has not yet expired.

47. For federal income tax purposes, Respondent agrees that it will neither capitalize into inventory or basis nor deduct any costs or expenditures incurred in performing the SEPs.

48. Within thirty (30) days of the effective date of this CAFO, Respondent shall submit a SEP Completion Report to the EPA. The SEP Completion Report shall contain the following:

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- (i) A detailed description of the SEPs as implemented;
- (ii) Itemized costs;
- (iii) A description of any operating problems encountered and the solutions thereto;
- (iv) A certification that the SEPs have been fully implemented pursuant to the provisions of this CAFO; and
- (v) A description of the environmental and public health benefits resulting from implementation of the SEPs (with quantification of the benefits and pollutant reductions, if feasible)
- (vi) The report shall be submitted via first class mail to:
Mr. Gary Bertram – Air Permitting & Compliance
U.S. EPA Region 7
11201 Renner Boulevard
Lenexa, Kansas 66219.

49. In itemizing its costs in the SEP Completion Report, Respondent shall clearly identify and provide acceptable documentation for all eligible SEP costs. If HBD has already submitted such documentation to EPA, HBD may reference the date of said submittal in the SEP Completion Report. For purposes of this paragraph, "acceptable documentation" includes invoices, purchase orders, or other documentation that specifically identifies and itemizes the individual costs of the goods and/or services for which payment is being made. Canceled drafts do not constitute acceptable documentation unless such drafts specifically identify and itemize the individual costs of the goods and/or services for which payment is being made.

50. Respondent shall maintain legible copies of documentation and/or the underlying research and data for any and all documents or reports submitted to the EPA pursuant to this Consent Agreement and shall provide the documentation of any such underlying research and data to the EPA not more than seven days after a request for such information. In all documents or reports, including, without limitation, any SEP reports, submitted to the EPA pursuant to this Consent Agreement, Respondent shall, by its officers, sign and certify under penalty of law that the information contained in such document or report is true, accurate, and not misleading by signing the following statement:

I certify under penalty of law that I have examined and am familiar with the information submitted in this document and all attachments and that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fines and imprisonment.

51. After receipt of the SEP Completion Report described in paragraph 48 above, the EPA will notify Respondent, in writing, regarding:

- (i) any deficiencies in the SEP report itself along with a grant of an additional thirty (30) days for Respondent to correct any deficiencies; or

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- (ii) indicate that the EPA concludes that the projects have been completed satisfactorily; or
- (iii) determine that the projects have not been completed satisfactorily and seek stipulated penalties in accordance with paragraph 53 herein.

If the EPA elects to exercise option (i) above, i.e., if the SEP report is determined to be deficient, but the EPA has not yet made a final determination about the adequacy of SEP completion itself, the EPA shall permit Respondent the opportunity to object in writing to the notification of deficiency given pursuant to this paragraph within ten (10) days from the receipt of such notification. The EPA and Respondent shall have an additional thirty (30) days from the receipt by the EPA of the notification of objection to reach agreement on changes necessary to the SEP report.

If agreement cannot be reached on any such issue within this thirty (30) day period, the EPA shall provide a written statement of its decision on adequacy of the completion of the SEPs to Respondent, which decision shall be final and binding upon Respondent. Respondent agrees to comply with any requirements imposed by the EPA as a result of any failure to comply with the terms of this CAFO. In the event the SEPs are not completed as contemplated herein, as determined by the EPA, stipulated penalties shall be due and payable by Respondent to the EPA in accordance with paragraph 53 herein.

52. Respondent agrees that failure to submit the SEP Completion Report required by paragraph 48 above, shall be deemed a violation of this CAFO and Respondent shall become liable for stipulated penalties pursuant to paragraph 53 below.

53. Stipulated Penalties

- a) In the event that Respondent fails to comply with any of the terms or provisions of this Agreement relating to the performance of the SEPs as described in paragraph 43 above, and/or to the extent that actual expenditures for the SEPs do not equal or exceed the cost of the SEPs described in paragraph 44 above, Respondent shall be liable for stipulated penalties according to the provisions set forth below:
 - (i) Except as provided in subparagraph (ii) immediately below, if the SEPs are not completed satisfactorily pursuant to this CAFO, Respondent shall pay a stipulated penalty to the United States in the amount of \$120,538.
 - (ii) If the SEPs are not completed in accordance with paragraph 43, but the Complainant determines that the Respondent: a) made good faith and timely efforts to complete the projects; and b) certifies, with supporting documentation, that at least 90 percent of the amount of money which was required to be spent was expended on the SEPs, Respondent shall not be liable for any stipulated penalty.
 - (iii) If the SEPs are completed in accordance with paragraph 43, but the Respondent spent less than 90 percent of the amount of money required to be spent for the projects, Respondent shall pay a stipulated penalty to the United States in the amount of \$24,108.

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- (iv) If the SEPs are completed in accordance with paragraph 43, and the Respondent spent at least 90 percent of the amount of money required to be spent for the projects, Respondent shall not be liable for any stipulated penalty.
 - (v) For failure to submit the SEP Completion Report required by paragraph 48 above, Respondent shall pay a stipulated penalty in the amount of \$200 for each day after the due date of the SEP Completion Report stated in paragraph 48 above, until the report is submitted.
- b) The determinations of whether the SEPs have been satisfactorily completed and whether the Respondent has made a good faith, timely effort to implement the SEPs shall be in the sole discretion of the EPA.
 - c) Stipulated penalties for paragraph (v) above shall begin to accrue on the day after performance is due, and shall continue to accrue through the final day of the completion of the activity.
 - d) Respondent shall pay stipulated penalties not more than thirty (30) days after receipt of written demand by the EPA for such penalties. Method of payment shall be in accordance with the provisions of paragraph 1 of the Final Order below. Interest and late charges shall be paid as stated in paragraph 57 herein.

54. Respondent understands that the failure to pay any portion of the mitigated civil penalty as stated in paragraph 39, or any portion of a stipulated penalty as stated in paragraph 53, in accordance with the provisions of this order may result in commencement of a civil action in Federal District Court to recover the total penalty, together with interest at the applicable statutory rate.

55. At any time after the EPA concludes that the SEP projects have been completed satisfactorily, or after Respondent pays any Stipulated Penalties due for failure to complete the SEP project satisfactorily, Respondent may request that the EPA agree that all requirements of this CAFO have been satisfied. Such request shall be in writing and shall provide the necessary documentation to establish whether there has been full compliance with the terms and conditions of this CAFO. The EPA will respond as to whether the EPA agrees all actions required under this CAFO have been satisfied. Respondent may choose to submit its request in conjunction with Respondent's submittal of the SEP completion report set forth in paragraph 48. The EPA may choose to submit its response in conjunction with the EPA's notification to Respondent set forth in paragraph 51. This CAFO shall terminate when all actions required to be taken by this CAFO have been completed, and the Respondent has been notified by the EPA in writing that this CAFO has been satisfied and terminated.

56. Any public statement, oral or written, in print, film, or other media, made by Respondent making reference to the SEPs shall include the following language:
"This project was undertaken in connection with the settlement of an enforcement action taken by the United States Environmental Protection Agency."

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57. Pursuant to 31 U.S.C. §3717, the EPA is entitled to assess interest and penalties on debts owed to the United States and charge to cover the costs of processing and handling delinquent claims. Interest will therefore begin to accrue on a civil or stipulated penalty if it is not paid by the last date required. Interest will be assessed at the rate of the United States tax and loan rate in accordance with 31 C.F.R. §901.9(b). A charge will be assessed to cover the debt collection, including processing and handling costs and administrative costs. In addition, a non-payment penalty charge of six percent (6%) per year compounded annually will be assessed on any portion of the debt which remains delinquent more than ninety (90) days after payment is due. Any such non-payment penalty charge on the debt will accrue from the date the penalty becomes due and is not paid, 31 C.F.R. §§901.9 (c) and (d).

Effective Date

58. This Consent Agreement and Final Order shall be effective upon the filing of the Final Order by the Regional Hearing Clerk for the EPA Region 7. Unless otherwise stated, all time periods stated herein shall be calculated in calendar days from such date.

Reservation of Rights

59. Notwithstanding any other provision of this CAFO, the EPA reserves the right to enforce the terms of the Final Order portion of this CAFO by initiating a judicial or administrative action under Section 113 of the CAA, 42 U.S.C. §7413, and to seek penalties against Respondent in an amount not to exceed Thirty-seven Thousand Five Hundred Dollars (\$37,500) per day per violation pursuant to Section 113(b) of the CAA, for each day of non-compliance with the terms of the Final Order, or to seek any other remedy allowed by law.

60. Complainant reserves the right to take enforcement action against Respondent for any future violations of the CAA and its implementing regulations and to enforce the terms and conditions of this CAFO.

61. This CAFO shall not relieve Respondent of its obligation to comply with all applicable federal, state, and local laws, nor shall it be construed to be a ruling on, or determination of, any issue related to any federal, state, or local permit, nor shall it be construed to constitute EPA approval of the equipment or technology installed by Respondent in connection with the SEP undertaken pursuant to this Agreement.

62. The headings in this CAFO are for convenience of reference only and shall not affect interpretation of this CAFO.

III. FINAL ORDER

Pursuant to the authority of Section 113 of the CAA, 42 U.S.C. §7413, and based upon the information set forth in this Consent Agreement, IT IS HEREBY ORDERED THAT:

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A. Payment of Civil Penalty

1. Within thirty (30) days of the effective date of this CAFO, Respondent shall pay a civil penalty of One Hundred Thirty Thousand Dollars (\$130,000). Such payment shall identify Respondent by name and docket number and shall be by certified or cashier's check made payable to the "United States Treasury" and sent to:

U.S. Environmental Protection Agency
Fines and Penalties
Cincinnati Finance Center
P.O. Box 979077
St. Louis, Missouri 63197-9000.

2. A copy of the payment documentation shall also be mailed to:

Kathy Robinson
Regional Hearing Clerk
U.S. EPA Region 7
11201 Renner Boulevard
Lenexa, Kansas 66219

and to:

Julie L. Murray
Office of Regional Counsel
U.S. EPA Region 7
11201 Renner Boulevard
Lenexa, Kansas 66219.

3. Pursuant to 40 C.F.R. §13.18, failure to make any payment according to the above schedule will automatically accelerate the debt which will become due and owing in full, immediately. Interest on any late payment will be assessed at the annual rate established by the Secretary of the Treasury pursuant to 31 U.S.C. §3717. The interest will be assessed on any overdue amount from the due date through the date of payment. Failure to pay the civil penalty when due may result in the commencement of a civil action in Federal District Court to collect said penalty, together with costs and interest.

4. Respondent shall complete the SEPs in accordance with the provisions set forth in the Consent Agreement and shall be liable for any stipulated penalty for failure to complete the SEPs as specified in the Consent Agreement.

5. This Final Order portion of this CAFO shall apply to and be binding upon Respondent, and Respondent's agents, successors, and/or assigns. Respondent shall ensure that all contractors, employees, consultants, firms, or other persons or entities acting for Respondent with respect to matters included herein comply with the terms of this CAFO.

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COMPLAINANT: UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

9/27/13
Date

John Smith
Becky A. Weber
Director
Air and Waste Management Division

Julie L. Murray
Julie L. Murray
Assistant Regional Counsel
Office of Regional Counsel

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RESPONDENT: HBD/THERMOID, INC.

9/25/13
Date


Signature

R. L. Greely
Printed Name

President
Title

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9/26/13

IT IS SO ORDERED. This Order shall become effective immediately.

9/30/13
Date

Karina Borromeo
Karina Borromeo
Regional Judicial Officer

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9/26/13

RESPONDENT: HBD/THERMOID, INC.

Date

Signature

Printed Name

Title

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APPENDIX A

SUPPLEMENTAL ENVIRONMENTAL PROJECT – SCOPE OF WORK

As part of its obligations under the Consent Agreement and Final Order (“CAFO”), HBD/Thermoid, Inc. (HBD) shall complete the supplemental environmental projects (“SEP”) listed below. A SEP is an environmentally beneficial project that a respondent agrees to undertake in settlement of an enforcement action, but one which the respondent is not otherwise legally required to perform, and that primarily benefits the public health or the environment. EPA has approved the following SEPs, in addition to the administrative penalty set forth in this CAFO, for the settlement of this matter.

1. HBD agrees to purchase, install and operate a 30,000 SCFM regenerative thermal oxidizer (“RTO”) and emission capture system, as set forth in the SEP proposal dated April 5, 2013, at its facility in Chanute, Kansas. The RTO and emission capture system shall be sized and operated to reduce HAP emissions from the All-T machine and ovens in Departments 10 and 20, which are not subject to 40 C.F.R. Part 63, Subpart OOOO, to levels specified in this paragraph. This SEP involves capturing and routing HAP emissions from HBD’s All-T machine and the ovens in Departments 10 and 20 to the RTO. Based on 2011 production levels, this SEP is a pollution control project that shall reduce the HAP emissions from the All-T machine from an estimated 6,450 pounds to less than 200 pounds annually (approximately 97% reduction). The SEP shall also reduce the HAP emissions from the ovens in Departments 10 and 20 from an estimated 4,207 pounds to less than 130 pounds annually (approximately 97% reduction).
2. HBD/Thermoid, Inc. agrees to substitute non-HAP/low-HAP products for toluene and HAP-containing solvent usage at its facility so as to substantially reduce HAP usage for tasks identified in this paragraph that are not subject to 40 C.F.R. Part 63, Subpart OOOO . These tasks include, but are not limited to, spot cleaning of finished product, tackifying various materials, maintenance, and the mixing of glues. Based on 2011 production levels, this SEP is a pollution prevention project that reduces the HAP emissions from the manufacturing areas/solvent shed in HBD’s facility from 32,134 pounds to less than 3,000 pounds annually (approximately 93% reduction).
3. The implementation of the SEP projects described in paragraphs 1 and 2 of this Appendix are estimated to result in a total HBD expenditure of \$241,075. EPA agrees that HBD will have fulfilled its obligations under this CAFO related to the SEP projects, if (1) the SEPs are completed with the required HAP reductions, as described herein, and (2) actual costs

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incurred by HBD (including equipment and installation costs), are 90 percent or more of the estimated expenditures for the implementation of the SEPs, based upon the cost documentation in the SEP Completion Report required in paragraph 5 below.

4. HBD shall complete the SEP project described in paragraph 1 of this Appendix no later than the effective date of the CAFO, in accordance with the specifications set forth in this Appendix A. HBD shall complete the SEP project described in paragraph 2 of this Appendix no later than the effective date of the CAFO, in accordance with the specifications set forth in this Appendix A.
5. Within 30 days of the effective date of the CAFO, HBD shall submit to EPA a SEP Completion Report. This Report shall provide a detailed description of the SEPs as implemented, including dates of completion of the SEPs, and actual HAP emission reductions from the SEPs along with supporting documentation. The Report shall also document all approved costs incurred in the purchase, installation, and operation of the SEPs.

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IN THE MATTER OF HBD/Thermoid, Inc., Respondent
Docket No. CAA-07-2013-0017

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing Order was sent this day in the following manner to the addressees:

Copy by email to Attorney for Complainant:

murray.julie@epa.gov

Copy by First Class Mail to Respondent:

Mr. Mike Clancey
General Counsel
HBD Industries, Inc.
5200 Upper Metro Place, Suite 110
Dublin, Ohio 43017

Dated: 9/30/13



Kathy Robinson
Hearing Clerk, Region 7

